

FINAL MINUTES
Milk Commission Meeting Held September 18, 2019

Minutes of the meeting of the Milk Commission, held at the Farm Credit of the Virginias located at 4646 S Valley Pike, Harrisonburg, VA 22801.

THE COMMISSION:

PRESENT:

Jimmy Kerr, Chairperson; Kevin Craun, Commissioner; Jessica Jones, Commissioner; Rodrigo Velasquez, Commissioner

ABSENT:

Carolyn Carlson, Commissioner; Brian Linney, Commissioner; Bruce Mayer, Commissioner

STAFF PRESENT:

Crafton Wilkes, Administrator

Mr. Kerr called the meeting to order at 1:30 p.m.

Mr. Kerr asked for a motion to accept the minutes from the previous meeting. Dr. Jones so moved and Mr. Velasquez seconded the motion. The minutes were accepted as presented at the meeting.

Introductions by those in attendance were made. Mr. Kevin Craun of Bridgewater joined the Commission as a producer member in August, and was attending a meeting for the first time as a board member.

Mr. Wilkes gave a review of Class I and Class II prices, production, and sales. He stated that the producer Class I price increased since the last meeting, but forecasts showed that increases would slow down. He also stated that he did not believe forecasting too far into the future was beneficial based on current trade conditions and relationships. There was discussion among attendees regarding several pricing calculations on the federal level and how they impacted the Virginia price calculation. Regarding milk sales, Mr. Michael Myatt of Cooperative Milk Producers Association (CMPA) asked if milk sales from newer retailers in Virginia were being reported and if base assignments for their suppliers were being pursued. Mr. Wilkes responded that there are a few suppliers that he would like to accept a base assignment, but certain market conditions made such assignments shaky and he'd prefer to wait until those conditions were more stable.

To prepare for the Commission's next meeting, Mr. Wilkes gave a review of the Commission's Presumed Cost to Produce Milk. The intent of enforcing the Presumed Cost Schedule each month is to limit milk's use as a loss leader item and ensure that it is not sold below the cost to produce finished milk products; this also provides some benefit to all parties that participate in the production and consumption of milk. Ms. Karen Hawkins of Dairy Farmers of America asked how many processors were included in the Commission's weighted average calculations. Mr. Wilkes responded that the number is confidential, but approximately 87% of retail and school milk in the regulated markets of the state were accounted for, and he would like to expand that in the future. Dr. Jones requested more information on the Wholesale Delivered Cost percentages, how they were determined, and when the last time Retail Delivered Cost percentages were evaluated. Mr. Wilkes explained that the Wholesale Delivered Cost percentages would be a main point of discussion at the subsequent Commission meeting, and fuel costs are the biggest influencer of those percentages. Because Commission staff use March data for this calculation, recent events in the Middle East may need to be considered that will not be factored into figures presented to the board at the next meeting. He also stated that the Commission had not seriously reevaluated the six percent Retail Delivered Cost markup, but through informal conversations with retailers this was deemed within reason.

Mr. Kerr opened the floor for public comment. Mr. Eric Paulson, Executive Secretary of the Virginia State Dairymen's Association, mentioned that he was excited about the prospects of more milk dispensers being established in schools. Based on pilot programs there appeared to be increased consumption, less waste of product, and reduced packaging waste. He was especially excited about the positive environmental impact associated with a reduction in cartons and bottles. He also mentioned that a milk income tax credit was being reviewed that may offer assistance to Virginia's dairy farmers when cost of production exceeds the producer price paid to farmers. There was no additional comment.

The next Commission meeting is tentatively scheduled for 1:30 p.m. on Monday, December 16, 2019 in Charlottesville.



STATE MILK COMMISSION
Crafton O. Wilkes, Administrator

Announcement of Producer Class I Price at 3.5% Butterfat		September 2019		
		JUL 2019	AUG 2019	SEP 2019
Eastern Market				
Established Price		\$8.46	\$8.46	\$8.46
Add Adjustment (per §2VAC15-20-81)		\$13.39	\$14.11	\$14.07
Eastern Market Class I Price (per cwt)		\$21.85	\$22.57	\$22.53
Eastern Market Skim Price (per cwt)		12.8540	13.4840	13.5440
Eastern Market Butterfat Price (per lb)		2.6996	2.7297	2.7022
Western Market				
Established Price		\$8.16	\$8.16	\$8.16
Add Adjustment (per §2VAC15-20-81)		\$13.49	\$14.21	\$14.17
Western Market Class I Price (per cwt)		\$21.65	\$22.37	\$22.33
Western Market Skim Price (per cwt)		12.6540	13.2840	13.3440
Western Market Butterfat Price (per lb)		2.6976	2.7277	2.7002
Southwestern Market				
Established Price		\$7.96	\$7.96	\$7.96
Add Adjustment (per §2VAC15-20-81)		\$13.19	\$13.90	\$13.86
Southwestern Market Class I Price (per cwt)		\$21.15	\$21.86	\$21.82
Southwestern Market Skim Price (per cwt)		12.1495	12.7795	12.8395
Southwestern Market Butterfat Price (per lb)		2.6926	2.7227	2.6952
Class II Price Announcement Date				
		JUL 31, 2019	SEP 5, 2019	OCT 2, 2019
Milk Commission Class II Price (per cwt)		\$17.61		
Milk Commission Class II Skim Price (per cwt)		\$8.4800	\$8.5700	\$8.4600
Milk Commission Class II Butterfat Price (per lb)		2.6928		
Milk Commission Bi-Monthly Composite Index				
		344.4	345.3	345.0
Milk Commission Assessment Rate (per cwt)				
		0.03950	0.03950	0.03950
Federal Order Base Class I Price (per cwt)				
		\$17.18	\$17.89	\$17.85

	Price Change from August 2019		
	Class I (cwt)	Skim (cwt)	Butterfat (lb)
Eastern Market	▼ -\$0.04	▲ \$0.06	▼ -\$0.0275
Western Market	▼ -\$0.04	▲ \$0.06	▼ -\$0.0275
Southwestern Market	▼ -\$0.04	▲ \$0.06	▼ -\$0.0275

Next Class I Announcement: Sep. 18, 2019

Next Class II Announcement: Sep. 5, 2019

Virginia Department of Agriculture and Consumer Services
State Milk Commission

Announcement of Producer Class I Price at 3.5% Butterfat

September 2019

Virginia State Milk Commission Skim and Butterfat Prices, 2019

Month	Eastern Market		Western Market		Southwestern Market		Bi-Monthly Index
	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	
January	10.9965	2.5665	10.7965	2.5645	10.3025	2.5595	329.1
February	11.2765	2.5410	11.0765	2.5390	10.5825	2.5340	329.9
March	11.7265	2.6118	11.5265	2.6098	11.0325	2.6048	332.4
April	11.5265	2.6047	11.3265	2.6027	10.8325	2.5977	334.2
May	12.2965	2.5803	12.0965	2.5783	11.6025	2.5733	337.0
June	13.0640	2.6101	12.8640	2.6081	12.3595	2.6031	341.3
July	12.8540	2.6996	12.6540	2.6976	12.1495	2.6926	344.4
August	13.4840	2.7297	13.2840	2.7277	12.7795	2.7227	345.3
September	13.5440	2.7022	13.3440	2.7002	12.8395	2.6952	345.0
October							
November							
December							
AVERAGE	12.3076	2.6273	12.1076	2.6253	11.6089	2.6203	337.6

Virginia State Milk Commission Skim and Butterfat Prices, 2018

Month	Eastern Market		Western Market		Southwestern Market		Bi-Monthly Index
	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	Skim per cwt	Butterfat per pound	
January	11.8555	2.5363	11.6555	2.5343	11.0495	2.5282	329.7
February	10.5855	2.5464	10.3855	2.5444	9.7795	2.5383	325.5
March	9.7680	2.3773	9.5680	2.3753	9.0950	2.3706	322.0
April	10.2080	2.4690	10.0080	2.4670	9.5350	2.4623	320.8
May	10.3680	2.5216	10.1680	2.5196	9.6950	2.5149	323.3
June	10.7380	2.6513	10.5380	2.6493	10.0650	2.6446	327.2
July	10.6380	2.7080	10.4380	2.7060	9.9650	2.7013	330.1
August	9.8480	2.5802	9.6480	2.5782	9.1750	2.5735	329.6
September	10.3445	2.6560	10.1445	2.6540	9.6540	2.6491	326.0
October	12.1345	2.5835	11.9345	2.5815	11.4440	2.5766	324.2
November	11.2345	2.6020	11.0345	2.6000	10.5440	2.5951	326.6
December	10.8445	2.5728	10.6445	2.5708	10.1540	2.5659	329.2
AVERAGE	10.7139	2.5670	10.5139	2.5650	10.0129	2.5600	326.2

Prevailing Market	Bristol	Charleston	Raleigh	Winston-Salem	Washington, DC
Over Order Premium	\$0.61	\$0.73	\$0.75	\$0.75	\$0.60

Next Class I Announcement: Sep. 18, 2019

Next Class II Announcement: Sep. 5, 2019



STATE MILK COMMISSION
Crafton O. Wilkes, Administrator

Announcement of Producer Class II Price at 3.5% Butterfat

August 2019

	JUN 2019	JUL 2019	AUG 2019
State Milk Commission Class II Price (per cwt)	\$17.30	\$17.61	\$17.60
Class II Skim Price (per cwt)	8.2600	8.4800	8.5700
Class II Butterfat Price (per lb)	2.6649	2.6928	2.6644

August 2019 Highlights

-The Class II price for August decreased from July by \$0.01 per cwt. The Class II Skim price increased by \$0.09 per cwt, and the Class II Butterfat price decreased by \$0.03 per lb.

Next Announcement: Oct. 2, 2019



STATE MILK COMMISSION
Crafton Wilkes, Administrator

Milk Market Bulletin

August 2019

Class I Sales and Allocation

Market	Monthly Sales Comparison			Annual Sales Comparison		
	Aug '19	Aug '18	Change (%)	Aug '19	Aug '18	Change (%)
East	28,353,847	28,609,124	-0.89%	232,376,700	241,674,700	-3.85%
West	26,884,100	27,153,139	-0.99%	209,349,849	214,178,100	-2.25%
Southwest	3,791,860	3,978,664	-4.70%	29,878,914	30,598,115	-2.35%
TOTAL	59,029,806	59,740,927	-1.19%	471,605,462	486,450,915	-3.05%

Order	Base Assigned (000s pounds)	Class I Allocation (000s pounds)
Federal Order 1	13,338	10,689
Federal Order 5	40,105	33,295
Federal Order - Other	9,253	7,896
Virginia	1,387	1,183
TOTAL	64,083	53,062

Producer Information

Market	Producer Price (at 3.5% butterfat)				Baseholding Producers by State	
	Jun '19	Jul '19	Aug '19	Aug '18		
Class I - East	\$21.74	\$21.85	\$22.57	\$18.53	Maryland	96
Class I - West	\$21.54	\$21.65	\$22.37	\$18.33	Pennsylvania	242
Class I - Southwest	\$21.04	\$21.15	\$21.86	\$17.86	Virginia	300
Class II - All Markets	\$17.30	\$17.61	\$17.60	\$15.07	West Virginia	7
Class II - Butterfat	\$2.6649	\$2.6928	\$2.6644	\$2.6079	Other States	5
					TOTAL	650

	Milk Production			
	Aug '19	Aug '18	Change	Change (%)
VA Baseholders	76,382,326	78,872,322	-2,489,996	-3.16%
VA Non-Baseholders	39,586,218	51,628,140	-12,041,922	-23.32%
Out-of-State Baseholders	98,445,851	114,118,368	-15,672,517	-13.73%
VA PRODUCTION TOTAL	115,968,544	130,500,462	-14,531,918	-11.14%
BASE PRODUCTION TOTAL	174,828,177	192,990,690	-18,162,513	-9.41%

Sales Information (all figures represent pounds sold)

Market	Whole	Red. Fat	Lowfat	Skim	Flavored		Buttermilk	Eggnog	Other ¹
					Whole	Lowfat			
East	10,466,887	10,712,557	3,168,565	2,038,850	211,974	1,320,894	188,825	0	245,295
West	9,357,526	9,170,099	2,690,602	1,846,844	339,358	2,120,806	285,602	0	1,073,262
Southwest	1,320,854	1,424,504	283,042	233,695	67,150	363,565	91,229	0	7,820
TOTAL	21,145,267	21,307,161	6,142,209	4,119,389	618,481	3,805,266	565,656	0	1,326,377

¹ Other category may include lactose-free, custards, or other specialty milk products designated as Class I.

Virginia State Milk Commission
Producer Base Transfers
For Commission Approval: September 18, 2019

The Administrator read and considered the following producer base transfer requests and made the required corrections to monthly processor base assignments:

Date Received	Effective Date	Cooperative	Action	Status	Transfer Number	Producer Name	License	9-Month	3-Month	Adjusted 9-Month	Adjusted 3-Month
June 27, 2019	July 1, 2019	MDVA	Total Transfer	CO	190702	Savage Acres Farm Inc	002634	37,753	34,355	0	0
June 27, 2019	July 1, 2019	MDVA	Increase	CO	190702	Duffield Valley Farm LLC	004145	31,005	28,215	68,758	62,570
June 27, 2019	July 1, 2019	MDVA	Total Transfer	CO	190703	Amos and Rachel Beiler	005143	27,459	24,988	0	0
June 27, 2019	July 1, 2019	MDVA	Increase	CO	190703	Richard and Jana Parthemer	005042	49,431	44,982	76,890	69,970
June 27, 2019	July 1, 2019	MDVA	Total Transfer	CO	190704	Elam Stoltzfus	005265	45,497	41,402	0	0
June 27, 2019	July 1, 2019	MDVA	Increase	CO	190704	Thomas Muller Jr	005268	49,317	44,878	94,814	86,280
June 27, 2019	July 1, 2019	MDVA	Total Transfer	CO	190705	Samuel and Margaret Fielder	002643	48,872	44,474	0	0
June 27, 2019	July 1, 2019	MDVA	Increase	CO	190705	Kenneth Wiles Jr	004112	56,072	51,026	104,944	95,500
June 27, 2019	July 1, 2019	MDVA	Total Transfer	CO	190706	Levi and Barbara Stoltzfus	005111	10,430	9,491	0	0
June 27, 2019	July 1, 2019	MDVA	Increase	CO	190706	Simeon and Sadie Kauffman	005095	10,187	9,270	20,617	18,761
June 14, 2019	July 1, 2019	DFAS	Total Transfer	UN	190707	Beaver Dam Farms Inc	001444	110,959	100,973	0	0
June 14, 2019	July 1, 2019	DFAS	Increase	UN	190707	Cub Run Dairy Lc	003397	1,000,426	910,388	1,050,426	955,888
June 14, 2019	July 1, 2019	DFAS	Increase	UN	190707	Gerald Heatwole Farm #2	003831	385,429	350,740	396,388	360,713
June 14, 2019	July 1, 2019	DFAS	Issue	UN	190707	Brandon L Beery LLC	005337	0	0	50,000	45,500
June 14, 2019	July 1, 2019	DFAS	Partial Transfer	UN	190708	Fairview Farm	000804	227,124	206,683	127,124	115,683
June 14, 2019	July 1, 2019	DFAS	Increase	UN	190708	Lewis A Lamb & Sons Inc	000805	742,924	676,061	842,924	767,061
June 28, 2019	July 1, 2019	MDVA	Total Transfer	CO	190709	Kevin and Anne-Marie Smith	004636	11,478	10,445	0	0
June 28, 2019	July 1, 2019	MDVA	Increase	CO	190709	Dale Burkholder	004676	32,034	29,151	43,512	39,596
June 28, 2019	July 1, 2019	MDVA	Total Transfer	CO	190710	Simeon and Sadie Kauffman	005095	20,617	18,761	0	0
June 28, 2019	July 1, 2019	MDVA	Increase	CO	190710	Coldsprings Farm	002739	305,916	278,384	326,533	297,145
June 28, 2019	July 1, 2019	MDVA	Total Transfer	CO	190711	John and Marian Kauffman	005152	49,220	44,790	0	0
June 28, 2019	July 1, 2019	MDVA	Increase	CO	190711	Lloyd Zimmerman and Sons Farm	005261	58,481	53,218	107,701	98,008
June 21, 2019	July 1, 2019	CMPA	Partial Transfer	CO	190712	Charles Currin Dairy	005318	652,316	593,608	450,000	409,500
June 21, 2019	July 1, 2019	MDVA	Increase	UN	190712	Triple R Dairy	001720	53,929	49,075	256,245	233,183
June 21, 2019	July 1, 2019	CMPA	Total Transfer	UN	190713	North River Dairy LLC	003182	88,005	80,085	0	0
June 21, 2019	July 1, 2019	MDVA	Increase	UN	190713	Triple R Dairy	001720	256,245	233,183	298,190	271,353
June 21, 2019	July 1, 2019	CMPA	Increase	CO	190713	Jerrold Rohrer	004532	135,740	123,523	181,800	165,438
June 21, 2019	July 1, 2019	CMPA	Total Transfer	CO	190714	West Branch Dairy LLC	004535	85,555	77,855	0	0
June 21, 2019	July 1, 2019	MDVA	Increase	UN	190714	Triple R Dairy	001720	298,190	271,353	353,929	322,075
June 21, 2019	July 1, 2019	LPQM	Increase	UN	190714	Stoney Hollow Dairy LLC	003990	137,735	125,339	167,551	152,472

Virginia State Milk Commission
Base Assignment System
August 2019

Established 3-month Base	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Established Base Total
	25,499,458	432,214	19,600,757	14,350,531	509,131	233,965	110,919	2,657,148	63,394,122

Order	Distributor	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Total Base Assignment
5	Borden Dairy KY			234,288						234,288
33	Broughton Foods	55,171								55,171
1	Cloverland Farms Dairy			4,490,701			236,508			4,727,208
1	Crowley Foods	829,887								829,887
1	Cumberland Dairy					44,587				44,587
5	Dairy Fresh	10,356,299								10,356,299
1	Dutch Valley Foods					366,445				366,445
5	Harris Teeter				2,662,409					2,662,409
5	Homestead Creamery				430,116					430,116
1	HP Hood	1,168,694		1,168,694		103,633				2,441,020
5	Land-O-Sun Spartanburg	605,052								605,052
1	Marva Maid Landover	1,232,018							1,232,018	2,464,035
5	Marva Maid Newport News	8,351,360		1,147,404	5,365,593				1,008,454	15,872,810
5	Mayfield	814,279								814,279
5	Milkco			1,752,385						1,752,385
33	Nestle	295,633								295,633
VA	Potomac Farms			218,391						218,391
7	Saputo - KY	303,418								303,418
1	Saputo - NY	254,231								254,231
33	Superior Dairy			2,857,687						2,857,687
1	Tuscan Lehigh Dairies	598,413	436,912					112,125		1,147,449
33	United Dairy	861,159			4,879,903					5,741,062
1	Upstate Niagara			617,565						617,565
1	Wawa Dairy								445,559	445,559
5	Westover Dairy			7,326,695						7,326,695
VA	White Wave Mt. Crawford				1,168,493					1,168,493
5	Winchester Farms	51,014								51,014
TOTAL		25,776,626	436,912	19,813,808	14,506,515	514,665	236,508	112,125	2,686,030	64,083,188

3-month Base Minus Total	0	(0)
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Virginia State Milk Commission
Base Assignment System
August 2019
CORRECTION 0714-0805-11

	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Established Base Total
Established 3-month Base	25,499,458	432,214	19,600,757	14,350,531	509,131	233,965	110,919	2,657,148	63,394,122
Corrected 3-month Base	25,466,580	432,214	19,600,757	14,316,485	509,131	233,965	110,919	2,724,071	63,394,122

Order	Distributor	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Total Base Assignment
5	Borden Dairy KY			234,288						234,288
33	Broughton Foods	55,171								55,171
1	Cloverland Farms Dairy			4,490,701			236,508			4,727,208
1	Crowley Foods	829,887								829,887
1	Cumberland Dairy					44,587				44,587
5	Dairy Fresh	10,356,299								10,356,299
1	Dutch Valley Foods					366,445				366,445
5	Harris Teeter				2,662,409					2,662,409
5	Homestead Creamery				430,116					430,116
1	HP Hood	1,168,694		1,168,694		103,633				2,441,020
5	Land-O-Sun Spartanburg	605,052								605,052
1	Marva Maid Landover	1,232,018							1,232,018	2,464,035
5	Marva Maid Newport News	8,318,125		1,147,404	5,331,177				1,076,105	15,872,810
5	Mayfield	814,279								814,279
5	Milkco			1,752,385						1,752,385
33	Nestle	295,633								295,633
VA	Potomac Farms			218,391						218,391
7	Saputo - KY	303,418								303,418
1	Saputo - NY	254,231								254,231
33	Superior Dairy			2,857,687						2,857,687
1	Tuscan Lehigh Dairies	598,413	436,912					112,125		1,147,449
33	United Dairy	861,159			4,879,903					5,741,062
1	Upstate Niagara			617,565						617,565
1	Wawa Dairy								445,559	445,559
5	Westover Dairy			7,326,695						7,326,695
VA	White Wave Mt. Crawford				1,168,493					1,168,493
5	Winchester Farms	51,014								51,014
TOTAL		25,743,391	436,912	19,813,808	14,472,099	514,665	236,508	112,125	2,753,681	64,083,188

3-month Base Minus Total	0	(0)
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Virginia State Milk Commission
 Producer Base Transfers
 For Commission Approval: September 18, 2019

The Administrator read and considered the following producer base transfer requests and made the required corrections to monthly processor base assignments:

Date Received	Effective Date	Cooperative	Action	Status	Transfer Number	Producer Name	License	9-Month	3-Month	Adjusted 9-Month	Adjusted 3-Month
July 18, 2019	August 1, 2019	CMPA	Partial Transfer	UN	190802	Paul and Michael Whitaker	001434	223,998	203,838	180,000	163,800
July 18, 2019	August 1, 2019	CMPA	Increase	CO	190802	Great Horn Dairy	005054	201,362	183,239	245,360	223,277
July 23, 2019	August 1, 2019	MDVA	Partial Transfer	UN	190803	John and Mary Glick	004846	34,781	31,651	19,781	18,001
July 23, 2019	August 1, 2019	MDVA	Increase	UN	190803	Jacob and Lena Fisher	005290	72,428	65,909	87,428	79,559
July 22, 2019	August 1, 2019	DFAS	Total Transfer	UN	190804	Chestnut Hill Farm Inc	005187	12,328	11,218	0	0
July 22, 2019	August 1, 2019	DFAS	Increase	UN	190804	Cub Run Dairy Lc	003397	1,050,426	955,888	1,062,754	967,106
July 26, 2019	August 1, 2019	CMPA	Partial Transfer	CO	190805	Ken and Cathy Hammer	004947	284,605	258,990	219,335	199,594
July 26, 2019	August 1, 2019	LPQM	Increase	UN	190805	Clinton View Dairy	001121	45,238	41,167	79,651	72,483
July 26, 2019	August 1, 2019	CMPA	Increase	CO	190805	Pricker Bush Farm LLC	005252	367,440	334,370	398,297	362,450
July 26, 2019	August 1, 2019	CMPA	Partial Transfer	CO	190806	Emery and Cheryl Bowman	004736	220,294	200,468	133,509	121,494
July 26, 2019	August 1, 2019	CMPA	Increase	CO	190806	Perk Farm Organic Dairy	005243	50,340	45,809	137,125	124,783
July 31, 2019	August 1, 2019	MDVA	Partial Transfer	CO	190807	Kilby Farms LLC	005296	631,462	574,629	245,308	223,229
July 31, 2019	August 1, 2019	MDVA	Increase	CO	190807	Burnell and Mary Jane Nolt	004999	26,715	24,311	412,869	375,711
July 31, 2019	August 01, 2019	CMPA	Partial Transfer	UN	190808	James and David Brower	005178	123,044	111,970	105,000	95,550
July 31, 2019	August 01, 2019	CMPA	Increase	CO	190808	Lick Run Dairy LLC	005301	135,327	123,148	153,371	139,568
July 31, 2019	August 01, 2019	CMPA	Partial Transfer	UN	190809	Double M Dairy	000950	29,648	26,980	24,648	22,430
July 31, 2019	August 01, 2019	CMPA	Increase	CO	190809	Pricker Bush Farm LLC	005252	398,297	362,450	403,297	367,000
August 09, 2019	August 16, 2019	DFAS	Partial Transfer	UN	190810	Dennis Showalter	004596	169,273	154,038	84,637	77,019
August 09, 2019	August 16, 2019	DFAS	Issue	UN	190810	Christopher Showalter	005338	0	0	84,636	77,019
August 15, 2019	August 16, 2019	DFAS	Partial Transfer	UN	190811	Boot Hill Dairy LLC	000778	565,569	514,668	420,569	382,718
August 15, 2019	August 16, 2019	LPQM	Increase	UN	190811	Clinton View Dairy	001121	79,651	72,482	149,651	136,182
August 15, 2019	August 16, 2019	DFAS	Issue	UN	190811	James Shank	005339	0	0	75,000	68,250

Virginia State Milk Commission
Base Assignment System
September 2019
CORRECTION 0902-03

	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Established Base Total
Established 9-month Base	27,951,382	474,960	21,539,293	15,732,401	559,485	257,104	121,889	3,027,356	69,663,870
Corrected 9-month Base	27,876,382	439,960	21,574,293	15,807,401	559,485	257,104	121,889	3,027,356	69,663,870

Order	Distributor	DFA SE	DFA NE	MDVA	CMPA	Land O'Lakes	Cumberland Valley	Mt. Joy	Lanco-Pennland	Total Base Assignment
5	Borden Dairy KY			528,547						528,547
33	Broughton Foods	79,804								79,804
1	Cloverland Farms Dairy			4,382,736			254,279			4,637,014
1	Crowley Foods	812,468								812,468
1	Cumberland Dairy					43,652				43,652
5	Dairy Fresh	11,287,921								11,287,921
1	Dutch Valley Foods					358,754				358,754
5	Harris Teeter				2,606,527					2,606,527
5	Homestead Creamery				421,089					421,089
1	HP Hood	1,119,427		1,119,427		150,931				2,389,785
5	Land-O-Sun Spartanburg	2,068,894								2,068,894
1	Marva Maid Landover	1,206,158							1,206,158	2,412,317
5	Marva Maid Newport News	7,505,626		2,706,445	6,155,206				1,351,723	17,719,000
5	Mayfield	797,187								797,187
5	Milkco			1,715,603						1,715,603
33	Nestle	289,428								289,428
VA	Potomac Farms			309,235						309,235
7	Saputo - KY	297,049								297,049
1	Saputo - NY	248,895								248,895
33	Superior Dairy			2,797,706						2,797,706
1	Tuscan Lehigh Dairies	870,736	435,125					120,550		1,426,411
33	United Dairy	936,512			5,306,904					6,243,417
1	Upstate Niagara			604,602						604,602
1	Wawa Dairy								436,207	436,207
5	Westover Dairy			7,172,913						7,172,913
VA	White Wave Mt. Crawford				1,143,968					1,143,968
5	Winchester Farms	49,943								49,943
TOTAL		27,570,048	435,125	21,337,213	15,633,693	553,337	254,279	120,550	2,994,088	68,898,333

9-month Base Minus Total		(0)								
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Virginia State Milk Commission
 Producer Base Transfers
 For Commission Approval: September 18, 2019

The Administrator read and considered the following producer base transfer requests and made the required corrections to monthly processor base assignments:

Date Received	Effective Date	Cooperative	Action	Status	Transfer Number	Producer Name	License	9-Month	3-Month	Adjusted 9-Month	Adjusted 3-Month
August 23, 2019	September 01, 2019	DFAS	Cooperative Change	UN	190902	James Shank	005339	75,000	68,250	0	0
August 23, 2019	September 01, 2019	CMPA	Cooperative Change	UN	190902	James Shank	005339	0	0	75,000	68,250
August 15, 2019	September 01, 2019	DFAN	Partial Transfer	UN	190903	Dun-Loafin Farm	004606	130,855	119,078	95,855	87,228
August 15, 2019	September 01, 2019	MDVA	Issue	UN	190903	Potomac View Farm LLC	005340	0	0	35,000	31,850
August 15, 2019	September 01, 2019	MJFC	Total Transfer	CO	190904	Craig Nolan	005257	27,459	24,988	0	0
August 15, 2019	September 01, 2019	MJFC	Issue	CO	190904	Amos King	005341	0	0	27,459	24,988

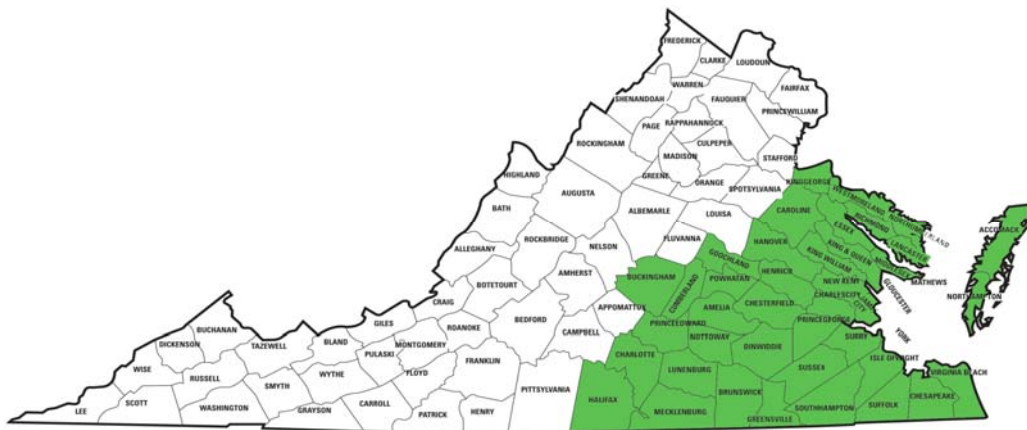
Virginia State Milk Commission
 Presumed Processing, Platform, and Delivered Unit Cost
 Effective: September 1, 2019

EASTERN MARKET		Skim	Butterfat
Class I		\$13.5440	\$2.7022
Class II		\$8.4600	\$2.6928

EASTERN MARKET											
Product	Butterfat	Size	Raw Product Cost	Weighted Average Processing Cost	Platform Cost	Wholesale Delivered Cost			Retail Delivered Cost		
						0-13 cases/del.	14-99 cases/del.	100+ cases/del.	0-13 cases/del.	14-99 cases/del.	100+ cases/del.
HVD	3.25	Bulk - Multi QT	0.479	0.243	0.722	1.101	0.911	0.824	1.17	0.97	0.87
		Gallon	1.915	0.650	2.565	3.909	3.237	2.928	4.14	3.43	3.10
		Half-Gallon	0.957	0.379	1.337	2.038	1.687	1.526	2.16	1.79	1.62
		Quart	0.479	0.270	0.749	1.142	0.945	0.855	1.21	1.00	0.91
		Half-Pint	0.120	0.094	0.214	0.326	0.270	0.244	0.35	0.29	0.26
2%	2.00	Bulk - Multi QT	0.409	0.168	0.577	0.880	0.728	0.659	0.93	0.77	0.70
		Gallon	1.637	0.633	2.270	3.461	2.866	2.592	3.67	3.04	2.75
		Half-Gallon	0.818	0.385	1.204	1.835	1.520	1.375	1.95	1.61	1.46
		Quart	0.409	0.267	0.677	1.031	0.854	0.772	1.09	0.91	0.82
		Half-Pint	0.102	0.090	0.193	0.293	0.243	0.220	0.31	0.26	0.23
1%	1.00	Bulk - Multi QT	0.353	0.166	0.519	0.791	0.655	0.592	0.84	0.69	0.63
		Gallon	1.411	0.630	2.041	3.111	2.576	2.330	3.30	2.73	2.47
		Half-Gallon	0.706	0.387	1.093	1.666	1.380	1.248	1.77	1.46	1.32
		Quart									
		Half-Pint	0.088	0.088	0.176	0.269	0.222	0.201	0.28	0.24	0.21
Skim	0.50	Bulk - Multi QT	0.325	0.166	0.491	0.748	0.619	0.560	0.79	0.66	0.59
		Gallon	1.300	0.621	1.921	2.928	2.425	2.193	3.10	2.57	2.32
		Half-Gallon	0.650	0.397	1.047	1.595	1.321	1.195	1.69	1.40	1.27
		Quart	0.325	0.277	0.602	0.917	0.760	0.687	0.97	0.81	0.73
		Half-Pint	0.081	0.090	0.171	0.261	0.216	0.196	0.28	0.23	0.21
Buttermilk	3.25	Half-Gallon	0.957	0.445	1.402	2.137	1.769	1.601	2.27	1.88	1.70
	1.00	Gallon	1.411	0.810	2.222	3.386	2.804	2.536	3.59	2.97	2.69
	1.00	Half-Gallon	0.706	0.459	1.165	1.776	1.470	1.330	1.88	1.56	1.41
	1.00	Quart	0.353	0.280	0.633	0.964	0.798	0.722	1.02	0.85	0.77
Flavored	3.25	Half-Gallon	0.891	0.510	1.400	2.134	1.767	1.598	2.26	1.87	1.69
	1.50	Gallon	1.414	0.883	2.297	3.502	2.900	2.623	3.71	3.07	2.78
	1.50	Half-Gallon	0.707	0.560	1.267	1.931	1.599	1.446	2.05	1.69	1.53
	1.50	Half-Pint	0.088	0.121	0.210	0.320	0.265	0.240	0.34	0.28	0.25

The Eastern Market Includes:

Counties of - Accomack, Amelia, Brunswick, Buckingham, Caroline, Charles City, Charlotte, Chesterfield, Cumberland, Dinwiddie, Essex, Gloucester, Goochland, Greenville, Halifax, Hanover, Henrico, Isle of Wight, James City, King and Queen, King George, King William, Lancaster, Lunenburg, Mathews, Mecklenburg, Middlesex, New Kent, Northampton, Northumberland, Nottoway, Powhatan, Prince Edward, Prince George, Richmond, Southampton, Surry, Sussex, Westmoreland, York; and Cities of - Chesapeake, Colonial Heights, Franklin, Hampton, Hopewell, Newport News, Norfolk, Petersburg, Richmond, South Boston, Suffolk, Virginia Beach, Williamsburg



Monthly Presumed Cost to Produce Milk

Virginia State Milk Commission

1.

EASTERN MARKET												
Product	Butterfat	Size	Raw Product Cost	Weighted Average Processing Cost	Platform Cost	Wholesale Delivered Cost			Retail Delivered Cost			
						0-13 cases/del. 52.43%	14-99 cases/del. 26.22%	100+ cases/del. 14.17%	0-13 cases/del. 6%	14-99 cases/del. 6%	100+ cases/del. 6%	
HVD	3.25	Bulk - Multi QT	0.479	0.243	0.722	1.101	0.911	0.824	1.17	0.97	0.87	
		Gallon	1.915	0.650	2.565	3.909	3.237	2.928	4.14	3.43	3.10	
		Half-Gallon	0.957	0.379	1.337	2.038	1.687	1.526	2.16	1.79	1.62	
		Quart	0.479	0.270	0.749	1.142	0.945	0.855	1.21	1.00	0.91	
		Pint										
		Half-Pint	0.120	0.094	0.214	0.326	0.270	0.244	0.35	0.29	0.26	

1. Raw Product Cost

- aka Class I Producer Price
- Calculated **MONTHLY**
- Primary factors that determine this cost:
 - Federal Advanced Prices and Pricing Factors*
 - Composite index established by Regulation **2VAC15-20-81**:
 - Three farm cost of production factors reported by USDA NASS
 - Surveyed retail cost of 40 grocery items in Richmond / Tidewater areas
 - Average weekly manufacturing earnings reported by Virginia Employment Commission
 - Over-order Premium for adjacent markets*

*Greatest influences on determining the raw product cost

2.

EASTERN MARKET											
Product	Butterfat	Size	Raw Product Cost	Weighted Average Processing Cost	Platform Cost	Wholesale Delivered Cost			Retail Delivered Cost		
						0-13 cases/del.	14-99 cases/del.	100+ cases/del.	0-13 cases/del.	14-99 cases/del.	100+ cases/del.
						52.43%	26.22%	14.17%	6%	6%	6%
HVD	3.25	Bulk - Multi QT	0.479	0.243	0.722	1.101	0.911	0.824	1.17	0.97	0.87
		Gallon	1.915	0.650	2.565	3.909	3.237	2.928	4.14	3.43	3.10
		Half-Gallon	0.957	0.379	1.337	2.038	1.687	1.526	2.16	1.79	1.62
		Quart	0.479	0.270	0.749	1.142	0.945	0.855	1.21	1.00	0.91
		Pint									
		Half-Pint	0.120	0.094	0.214	0.326	0.270	0.244	0.35	0.29	0.26

2. Weighted Average Processing Cost

- aka WAPCO
- Calculated **ANNUALLY**
- Primary factors that determine this cost:
 - General and administrative costs
 - Advertising costs
 - Case costs per unit
 - Receiving and pasteurization costs
 - Cold room costs per case
 - Filling costs per unit
 - Container costs per unit

2. Weighted Average Processing Cost (cont.)

- Costs are weighted based on units sold in Virginia
- Calculation currently accounts for approximately **87%** of milk sold
 - Includes retail and school
- Cost calculation is consistently in line with other accounting methods
 - Cross-checked with:
 - Private dairy accounting firms
 - Processor cost analyses
 - Unit costs rarely deviate by more than \$0.01 when methods are compared

3.

EASTERN MARKET												
Product	Butterfat	Size	Raw Product Cost	Weighted Average Processing Cost	Platform Cost	Wholesale Delivered Cost			Retail Delivered Cost			
						0-13 cases/del.	14-99 cases/del.	100+ cases/del.	0-13 cases/del.	14-99 cases/del.	100+ cases/del.	
						52.43%	26.22%	14.17%	6%	6%	6%	
HVD	3.25	Bulk - Multi QT	0.479	0.243	0.722	1.101	0.911	0.824	1.17	0.97	0.87	
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		Quart	0.479	0.270	0.749	1.142	0.945	0.855	1.21	1.00	0.91	
		Pint										
		Half-Pint	0.120	0.094	0.214	0.326	0.270	0.244	0.35	0.29	0.26	

Platform Cost = Raw Product Cost (changes monthly) + WAPCO (changes annually)

4.

EASTERN MARKET												
Product	Butterfat	Size	Raw Product Cost	Weighted Average Processing Cost	Platform Cost	Wholesale Delivered Cost			Retail Delivered Cost			
						0-13 cases/del.	14-99 cases/del.	100+ cases/del.	0-13 cases/del.	14-99 cases/del.	100+ cases/del.	
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		Half-Gallon	0.957	0.379	1.337	2.038	1.687	1.526	2.16	1.79	1.62	
		Quart	0.479	0.270	0.749	1.142	0.945	0.855	1.21	1.00	0.91	
		Pint										
		Half-Pint	0.120	0.094	0.214	0.326	0.270	0.244	0.35	0.29	0.26	

4. Wholesale Delivered Cost

- **Wholesale Delivered Cost** = (Platform Cost x Delivery Percentage) + Platform Cost
- Delivery percentage is based on calculated distribution expenses:
 - Incorporates processor costs to deliver to wholesale customers
 - Factors include fuel and garage expenses
 - Excludes milk picked up at the processor's dock
- Commission Board votes annually to accept / forfeit any changes

4. Wholesale Delivered Cost (cont.)

- Regulation **2VAC15-20-100** establishes case categories:
 - 0-13 cases
 - 14-99 cases
 - 100+ cases
- Prior to 1997, delivery percentages were **FIXED**:
 - 0-13 cases: 25%
 - 14-99 cases: 12.5%
 - 100+ cases: 6.75%
 - Fixed percentages no longer adequately account for delivery costs

5.

EASTERN MARKET											
Product	Butterfat	Size	Raw Product Cost	Weighted Average Processing Cost	Platform Cost	Wholesale Delivered Cost			Retail Delivered Cost		
						0-13 cases/del.	14-99 cases/del.	100+ cases/del.	0-13 cases/del.	14-99 cases/del.	100+ cases/del.
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HVD	3.25	Bulk - Multi QT	0.479	0.243	0.722	1.101	0.911	0.824	1.17	0.97	0.87
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		Quart	0.479	0.270	0.749	1.142	0.945	0.855	1.21	1.00	0.91
		Half-Pint	0.120	0.094	0.214	0.326	0.270	0.244	0.35	0.29	0.26

5. Retail Delivered Cost

- **Retail Delivered Cost** = Wholesale Delivered Cost x 1.06%
 - 6% markup established by Regulation **2VAC15-20-100**
- Retail granted more flexibility than processors and farmers
 - Price adjustment can be negotiated with Commission **IF**:
 - Retailer picks up from processor's dock
 - Retail Price may = Platform Cost x 1.06%
 - Supplier's costs are lower than calculated WAPCO
 - Consolidated billing allows for lower wholesale price
 - Retailer is matching a competitive store
 - Product is nearing expiration (regulations indicate code date, but 1-2 days granted)

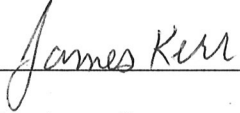
Benefits of the Presumed Cost

- **Farmers:**
 - Receive timely and fair market price for milk
 - Lessens pressure from processors to accept lower price
- **Processors:**
 - Inexpensive cost analysis / benchmarking
 - Lessens pressure from retailers to accept lower price

Benefits of the Presumed Cost (cont.)

- **Retailers:**
 - Minimizes competitive attempts to use milk as a loss leader
 - Still allows all retailers to offer competitive prices
- **Consumers:**
 - Competitive milk price
 - Despite regulation, Virginia's milk prices are routinely **LOWER** than those in surrounding states
- **ALL:**
 - Stabilizes milk prices and supply
 - Acknowledges efficiencies

Respectfully submitted,



Mr. James Kerr
Chairman



Crafton Wilkes
Administrator